

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Jackson Narcotics Enforcement Team		County Jackson	
Audit Date 12/31/04		Opinion Date 3/10/05		Date Accountant Report Submitted to State: 6/3/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

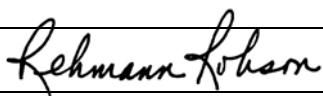
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA				
Street Address 5800 GRATIOT, PO BOX 2025		City SAGINAW	State MI	Zip 48605
Accountant Signature 				

**JACKSON NARCOTICS  
ENFORCEMENT TEAM (JNET)**

**Jackson, Michigan**

**FINANCIAL STATEMENT  
AND  
SUPPLEMENTAL INFORMATION**

**For The Year Ended  
December 31, 2004**



**REHMANN ROBSON**

*Certified Public Accountants*

# **JACKSON NARCOTICS ENFORCEMENT TEAM (JNET)**

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**REHMANN ROBSON**

*Certified Public Accountants*

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**Independent Auditors' Report**

March 10, 2005

To the Board of Directors  
Jackson Narcotics Enforcement Team (JNET)  
Jackson, Michigan

We have audited the accompanying statement of cash receipts and disbursements of the ***Jackson Narcotics Enforcement Team (JNET)*** (a cooperative of governmental agencies) for the year ended December 31, 2004. This financial statement is the responsibility of JNET's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of cash receipts and disbursements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of cash receipts and disbursements. We believe that our audit provides a reasonable basis for our opinion.

As disclosed in Note 1, this financial statement was prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the statement of cash receipts and disbursements referred to above presents fairly, in all material respects, the cash receipts and disbursements of ***JNET*** for the year ended December 31, 2004, on the basis of accounting described in Note 1.



# JACKSON NARCOTICS ENFORCEMENT TEAM (JNET)

## Statement of Cash Receipts and Disbursements

For The Year Ended December 31, 2004

	Unrestricted Fund	Non- Adjudicated Forfeiture Fund	All Funds Combined
<b>CASH RECEIPTS</b>			
Seizures in custody	\$ -	\$ 109,109	\$ 109,109
Forfeitures:			
Transfer from the Non-Adjudicated Forfeiture Fund	50,608	-	50,608
Other	83,933	-	83,933
Contributions	305	-	305
Interest	2,856	-	2,856
Restitution	210	-	210
Bonds	-	7,241	7,241
Other income	350	-	350
<b>TOTAL CASH RECEIPTS</b>	<b>138,262</b>	<b>116,350</b>	<b>254,612</b>
<b>CASH DISBURSEMENTS</b>			
Forfeiture expense	8,118	-	8,118
Investigative expense	17,555	-	17,555
Seized funds:			
Transfer to the Unrestricted Fund	-	50,608	50,608
Returned to claimant	-	8,395	8,395
Communications	9,027	-	9,027
Personnel	53,966	-	53,966
Training	4,300	-	4,300
Equipment	1,108	-	1,108
Utilities	5,313	-	5,313
Office supplies	8,356	-	8,356
Repairs and maintenance	4,749	-	4,749
Vehicle reimbursement	64,047	-	64,047
Vehicles	1,848	-	1,848
Prosecutor expense	865	-	865
Administrative	5,780	-	5,780
<b>TOTAL CASH DISBURSEMENTS</b>	<b>185,032</b>	<b>59,003</b>	<b>244,035</b>
<b>EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS</b>	<b>(46,770)</b>	<b>57,347</b>	<b>10,577</b>
<b>CASH AND INVESTMENTS - Beginning of year</b>	<b>288,573</b>	<b>13,859</b>	<b>302,432</b>
<b>CASH AND INVESTMENTS - End of year</b>	<b>\$ 241,803</b>	<b>\$ 71,206</b>	<b>\$ 313,009</b>

The accompanying notes are an integral part of these financial statements.

# JACKSON NARCOTICS ENFORCEMENT TEAM (JNET)

## Notes To Financial Statement

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### 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

The Jackson Narcotics Enforcement Team (JNET) (a cooperative of governmental agencies) was organized to create a cooperative unit of narcotics investigators comprised of personnel from municipal, county and state law enforcement agencies within the County of Jackson.

**Basis of Accounting** – The accompanying statement of cash receipts and disbursements has been prepared on the cash basis of accounting and is not intended to be a presentation in accordance with generally accepted accounting principles. Differences between the cash basis of accounting and generally accepted accounting principles include the following:

- Capital assets owned by JNET are recorded as disbursements rather than capitalized and depreciated.
- Receipts and disbursements are recorded when received or disbursed rather than on the accrual basis.
- Transfers of forfeiture monies between funds are recorded as receipts and disbursements rather than interfund transfers.

The funds of JNET are as follows:

**Unrestricted Fund** – The Unrestricted Fund is used to record cash receipts and disbursements related to the general operations of JNET. Included in cash receipts from forfeitures are transfers from the Non-Adjudicated Forfeiture Fund and allocations from other law enforcement agencies.

**Non-Adjudicated Forfeiture Fund** – The Non-Adjudicated Forfeiture Fund is a trust fund that accounts for cash seized from defendants upon arrest in accordance with the laws of the State of Michigan. This cash remains in trust until the ultimate settlement of the case, at which time the cash is transferred to the Unrestricted Fund, transferred to another governmental agency or returned to the defendant. All cash balances at December 31, 2004 in the Non-Adjudicated Forfeiture Fund pertain to active cases.

Seized property other than cash is not accounted for in the financial statement unless it is subsequently forfeited and converted to cash. Such cash receipts are accounted for in the Unrestricted Fund.

**Donated Services** – Substantial services related to the utilization of personnel and personal property are contributed by cooperating law enforcement agencies. The value of these services has not been recognized in the financial statement since the statement is prepared on the basis of cash receipts and disbursements. Any legal proceedings resulting from the actions of such personnel or the use of donated personal property are the responsibility of the donor agency.

# JACKSON NARCOTICS ENFORCEMENT TEAM (JNET)

## Notes To Financial Statement

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### 2. CASH AND INVESTMENTS

JNET's cash and investments at December 31, 2004, are as follows:

	<b>Unrestricted <u>Fund</u></b>	<b>Non- Adjudicated Forfeiture <u>Fund</u></b>	<b>All Funds <u>Combined</u></b>
Cash on hand	\$ 7,000	\$ 65,499	\$ 72,499
Bank checking account	16,857	-	16,857
Bank savings account	12,845	-	12,845
Cash on account with County Treasurer	<u>205,101</u>	<u>5,707</u>	<u>210,808</u>
<b>Total cash and investments</b>	<b><u>\$ 241,803</u></b>	<b><u>\$ 71,206</u></b>	<b><u>\$ 313,009</u></b>

The balance in the accounts of the bank was \$16,724, which was entirely covered by federal depository insurance. It is impractical to determine the bank and insured balance of the cash on account with the Jackson County Treasurer since this balance is part of a pooled account.

\* \* \* \* \*



# REHMANN ROBSON

*Certified Public Accountants*

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**BAKER TILLY**  
INTERNATIONAL

March 10, 2005

To the Board of Directors  
Jackson Narcotics Enforcement Team (JNET)  
Jackson, Michigan

We have audited the statement of cash receipts and disbursements of ***Jackson Narcotics Enforcement Team (JNET)*** (a cooperative of governmental agencies) for the year ended December 31, 2004. Our audit was made for the purpose of forming an opinion on that financial statement. The supplemental information on page 6 is presented for purposes of additional analysis and is not a required part of the statement of cash receipts and disbursements. Such information has been subjected to the procedures applied in the audit of that financial statement and, in our opinion, is fairly stated in all material respects in relation to such financial statement.



## **SUPPLEMENTAL INFORMATION**

**JACKSON NARCOTICS ENFORCEMENT TEAM (JNET)**  
**UNRESTRICTED FUND**

**Schedule of Cash Receipts and Disbursements**  
**Budget and Actual**

**For The Year Ended December 31, 2004**

	(Unaudited) Amended Budget	Actual	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Forfeitures	\$ 110,000	\$ 134,541	\$ 24,541
Contributions	330	305	(25)
Interest	2,400	2,856	456
Restitution	500	210	(290)
Other income	750	350	(400)
TOTAL CASH RECEIPTS	113,980	138,262	24,282
CASH DISBURSEMENTS			
Forfeiture expense	9,700	8,118	1,582
Investigative expense	16,500	17,555	(1,055)
Communications	12,000	9,027	2,973
Personnel	64,900	53,966	10,934
Training	7,850	4,300	3,550
Equipment	1,250	1,108	142
Utilities	6,000	5,313	687
Office supplies	11,350	8,356	2,994
Repairs and maintenance	7,900	4,749	3,151
Vehicle reimbursement	72,000	64,047	7,953
Vehicles	1,200	1,848	(648)
Prosecutor expense	2,000	865	1,135
Administrative	6,000	5,780	220
TOTAL CASH DISBURSEMENTS	218,650	185,032	33,618
EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	\$ (104,670)	\$ (46,770)	\$ 57,900